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# Foreign Trade Zones

Illinois Department of Commerce and Economic Opportunity

ILLINOIS TRADE OFFICE

Rod R. Blagojevich, Governor • Jack Lavin, Director



## Illinois Advantage

One of the many advantages to locating in Illinois is the availability of foreign trade zones and subzones to companies wishing to ship products or component parts into the United States.

A foreign trade zone (FTZ) is a site within the U.S.A. where foreign and domestic merchandise is considered to be outside of U.S. Customs territory. Foreign or domestic merchandise may enter this enclave without formal Customs entry or the payment of Customs duties or excise taxes.

## Definition

The FTZs are enclosed and policed areas, operated as a public utility, in or adjacent to a U.S. Customs Port of Entry, with facilities for loading, handling, storing, manipulating, manufacturing and exhibiting goods. FTZs are under the supervision of U.S. Customs, but the zones are considered outside Customs territory. Typically, a FTZ includes a warehouse and open land area for industrial or warehouse development, on a site or sites in close proximity.

## Purpose

The purpose of establishing a FTZ is to attract economic activity consistent with national policy. Ideally, this activity would include attracting foreign investment to the U.S. and encouraging domestic firms to expand their international trade activity. Tenants of FTZs vary from small import export companies to large multi-national manufacturing companies.

## Advantages

There are many advantages that may accrue to businesses located in FTZs that reduce costs and therefore increase profitability. These include:

- Foreign goods may be stored in the zone as long as necessary without paying Customs duty.
- Foreign goods may be shipped into the zone for display, inspection and sampling, and the goods may remain in the zone or be shipped back to a foreign location without any payment of Customs duty.
- Import quotas do not apply to most products in a zone. Therefore, goods can be stored without Customs duty until a subsequent quota period, or they can be processed into another commodity not subject to quota.
- Foreign goods and materials can be shipped into a zone without payment of Customs duty and may be processed or combined with U.S. goods and materials to produce goods that can be shipped overseas with no payment of Customs duty. The savings are a result of lower duties on finished products as compared to the total paid on the individual component parts used in the manufacturing process.
- Rulings by Customs exclude labor, overhead costs and profit from the duty assessed on products manufactured or processed in FTZs. Since duties or taxes are not levied on items stored or exported from zones, it is an incentive for export manufacturers as well as importers to use U.S. zones.

## Authority to Establish

A foreign trade zone can be established under the provisions of the Foreign Trade Zone Act of 1934, as amended. The Act created a Foreign Trade Zones Board comprised of the Secretary of Commerce, Secretary of the Treasury and Secretary of the Army, to grant corporations the authority to establish, operate, and maintain FTZs. Applicants for zone status must show a need for the zone as a public service in the community and present a plan that demonstrates an ability to finance the project and operate suitable facilities.

Many zones are operated by private companies under contract with the public corporation which is the grantee. Regardless of sponsorship or operating control, FTZs are required to be operated as public utilities. All rates and charges for services are to be fair and reasonable, and zone users are to be served on an equal basis.

## Special Purpose Subzones

In addition to general purpose zones, there are special purpose subzones that are an extension of the operating authority of a FTZ sponsor. Unlike a FTZ which is a public use facility, a subzone is for private use and generally includes a manufacturing plant which can benefit from reduced Customs duties on foreign goods and materials used in production. The majority of subzones have been authorized for the production of vehicles including automobiles, trucks, and motorcycles.

## Illinois Legislation

Under the provisions of "An Act in relation to foreign trade zone," Illinois Revised Statutes, Chapter 24, Paragraph 1361 et al, an application for the creation of a FTZ can be submitted to the Federal Foreign Trade Zones Board by any county, municipality, or public or private corporation authorized or licensed to do business in the state, or any combination of these public and private government bodies and corporations.

Further, a FTZ or subzone may be incorporated outside the corporate boundaries of the applicant, and the applicant can include areas in adjoining states. However, no FTZ may be established within 50 miles of an existing zone situated in a county with a population of three million or more or within 35 miles of an existing FTZ situated in a county with a population of less than three million, without the permission of the existing FTZ.



# Foreign Trade Zones



## For further information on foreign trade zones in Illinois contact:

Ahmed Almanseer, Illinois Department of Commerce and Economic Opportunity  
100 West Randolph Street, Suite 3-400, Chicago, IL 60601  
Email: [ahmed\\_almanseer@commerce.state.il.us](mailto:ahmed_almanseer@commerce.state.il.us)  
Ph. (312) 814-6193 Fax (312) 814-6581

### Rockford

Grantee: Greater Rockford Airport Authority  
3600 Airport Drive, P.O. Box 5063  
Rockford, IL 61125  
Ph. (815) 965-8639 Fax (815) 965-7205  
Contact: Franz Olson  
Email: [folson@rockfordairport.com](mailto:folson@rockfordairport.com)  
Website: [www.rockfordairport.com](http://www.rockfordairport.com)

### Chicago

Grantee: Illinois International Port District  
3600 East 95th Street  
Chicago, IL 60617  
Contact: Mr. Anthony G. Ianello, Jr.  
Ph. (773) 846-4400 Fax (773) 221-7678  
Email: [info@theportofchicago.com](mailto:info@theportofchicago.com)  
Website: [www.theportofchicago.com](http://www.theportofchicago.com)

### Peoria

Grantee: Economic Development Council for Central Illinois  
124 S.W. Adams Street  
Peoria, IL 61602  
Ph. (309) 678-7500 Fax (309) 678-7534  
Contact: Greg Truninger  
Email: [gtruninger@edc.il-p.org](mailto:gtruninger@edc.il-p.org)  
Website: [www.edc.centralillinois.org](http://www.edc.centralillinois.org)

### Decatur

Grantee: Decatur Park District  
620 East Riverside Drive  
Decatur, IL 62521  
Ph. (217) 422-5911  
Contact: William Cleveland  
Email: [bill@decaparks.com](mailto:bill@decaparks.com)  
Website: [www.decatur-parks.org](http://www.decatur-parks.org)

### Granite City

Grantee: Tri-City Regional Port District  
2801 Rock Road  
Granite City, IL 62040  
Ph. (618) 877-8444 Fax (618) 452-3402  
Contact: Bob Wydra  
Email: [rwydra@tricityport.com](mailto:rwydra@tricityport.com)  
Website: [www.tricityport.com](http://www.tricityport.com)

### Lawrenceville

Grantee: Bi-State Authority c/o Lawrence County Industrial Development Council  
718 11th Street, Suite 2 Upper Level  
Lawrenceville, IL 62439  
Ph. (618) 943-5219 Fax (618) 943-5910  
Contact: Terry Denison  
Email: [icidc@lawrencecountyilinois.com](mailto:icidc@lawrencecountyilinois.com)  
Website: <http://www.lawrencecountyilinois.com/economicdevelopment.html>

## Foreign Trade Zone 22 - Chicago

The Chicago FTZ was approved in 1975, and the zone encompasses a 200,000 square foot warehouse and 19 acres of vacant land. Associated with FTZ 22 are five active subzones and two operators.

## Foreign Trade Zone 31 - Granite City

The Granite City FTZ was approved in 1977. The zone encompasses a 47-acre site in the Tri-City Regional Port District's industrial park as well as three warehouses in Granite City. Two of the warehouses are adjacent to the port's harbor complex and the three total 455,000 square feet for FTZ operations. Within FTZ 31 there are two subzones. This FTZ has also recently completed a 6600-acre expansion.

## Foreign Trade Zone 114 - Peoria

The Peoria FTZ was approved in December 1984, and is located at five sites in Peoria area with a total of 24 buildings and 1,173,742 square feet of storage space. Each of the five sites is operated by a private company that offers a combination of warehousing and shipping services. Also associated with FTZ 114 are four subzones.

## Foreign Trade Zone 133 - Quad City, IL/IA

The Quad City FTZ was approved in October 1986, and encompasses areas in Moline and Rock Island, Illinois and Davenport, Iowa. The Grantee is a corporation formed by the Quad City Development Group, a public/private cooperative economic development agency serving the bi-state region. Twenty-three acres and two warehouse facilities are located in Milan and one 44,000 square foot warehouse is in Davenport.

## Foreign Trade Zone 146 - Lawrenceville

The Bi-State Authority (Lawrenceville, Illinois and Vincennes, Indiana) is the grantee of this zone that was approved in February 1988. The zone encompasses 43 acres of prime land at the 3,000-acre Mid American Air Center. There are two operators and three subzones within FTZ 146.

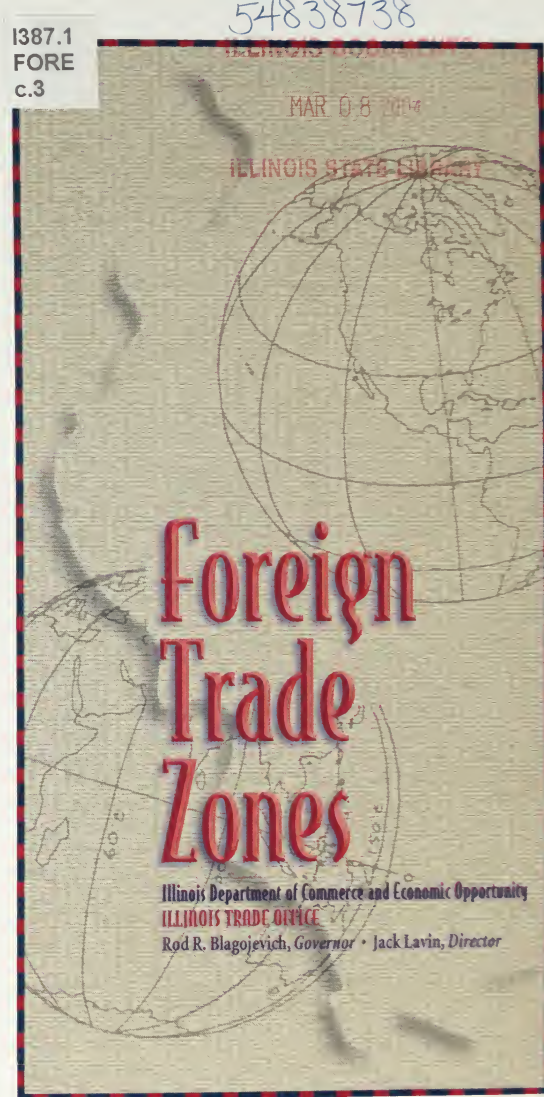
## Foreign Trade Zone 176 - Rockford

The Rockford FTZ was approved in March 1991. The Zone is located at the federally designated user fee airport in Rockford, consisting of 2000 acres. One 75,000 square foot warehouse has been designated for FTZ operations. Associated with FTZ 176 are one subzone and one operator.

## Foreign Trade Zone 245 - Decatur

The Decatur FTZ was established December 1, 2000.

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